

Norphlet Chemical Report
February 11 – February 16, 2008
By Evert Talbot

Ronnie Jackson flew to Tennessee this week to meet with consultant Steve Owen for 2 days. They have begun simulation work for Stage 1 reaction and other processes which will include design of the hydrochloric acid stripper and the tar removal system. They also spent considerable time discussing the current waste disposal & recycling phase now occurring at the plant site. Per Ronnie, Steve Owen also had fairly good knowledge of Antimony Catalyst.

Owen pointed out that some of the unknown lights and heavies are not really identified as we report results from the Norphlet lab. They simply show up quantitatively as percentages of unknowns. We will have to remedy this problem with the purchase of "mass spec" lab equipment which we do not have. Some of these unknowns apparently are more olefinic in nature. We clearly have to know exactly what they are and how they change in the process. This is needed to determine the composition of our process and equipment model.

I will yield to Craig Wilson's report for more details on this meeting with Steve Owen.

I also held a brief meeting with Cecil Polk, the Norphlet Insurance agent, who had come to visit with David Henry. He was asking a lot of questions about Jones-Hamilton Co., the investment group and our overall sense of direction for finishing out the plant. I was very impressed with Cecil. He lives in Norphlet and commented several times how all of the local residents really want to see this plant run as originally planned. Cecil is very pleased with all of his past dealings with David Henry.

Several meetings were held with Vic Forte discussing the progress of the waste disposal and recycling phase now underway. This is going to be a reasonably slow process as predicted by Ronnie and Vic. However, it will not slow up the other phases of the project as we have stated before. We are still optimistic that about 30% to 40% of these tars, heavies and unreacted TCE & HF will be recoverable. Plans were developing this week to have the unrecovered "bottoms" hauled off for disposal. Most of this could begin in just a few weeks. We will be placing this material into tote tanks for safe transport to the waste sites for incineration. It is still anticipated that this overall waste disposal & recycling project will take at least another 2 to 3 weeks.

David Henry heard from Don Dodson regarding a response from the Garrison's attorney. It appears that the monetary request for issues that were never discussed in the board meeting have been dropped, but John and Jeff are still clinging to the hope the State of Arkansas loan guarantee will be released. Brian Brooks sent Dodson the paperwork covering the State's position denying the

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request for release at the meeting held 3 weeks ago. This information had been previously conveyed to all members of the Norphlet Board. Bob James will have more discussions on this on the conference call. When I left late Thursday afternoon, we still did not have any stock turned in or any paperwork from their lawyer to review.

Friday night of this week we heard from the consultant Yuichi Iikubo by e-mail to Dale Singleton. He is interested in consulting for Norphlet. Dale will be flying with me on Wednesday evening the 20th to meet with Mr. Iikubo in his office for discussions on a formal consulting contract. He is still located in West Lafayette, Indiana and will be in the U.S. for another 2 to 3 weeks. Our immediate goal is to have him come to Norphlet for a few days as soon as possible. Thereafter, we will probably be dealing with him by e-mail and phone calls. It is also anticipated that he could come back for startup.

In summary, we now have three of the four phases of completion well underway

- Waste removal & recycling (Vic, Ronnie & Craig)
- Simulation/Engineering (Evaluation & recommendations) Steve, Vic, Craig & Ronnie
- Consulting on various phases
 - (Chemistry & Research) Bill Gumprecht, Ronnie & Craig
 - (Steve Owen as per above)
 - (Process & Production) Iikubo, Ronnie, Vic & Craig

Craig Wilson has also prepared a Preliminary project review that will be made available to all involved
